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3 February 1982

MEMORANDUM FOR: Director of Central Intelligence

FROM : SA/IA

SUBJECT : NSC Meeting on Poland and Libya, 4 February 1982

1. As you know, tomorrow afternoon's NSC meeting will address both Poland (i.e. sanctions) and Libya. Because of the amount of material for the Polish portion of the meeting, I have divided the material into two books. Book 1 contains the material on Poland, and Book 2 contains the material on Libya.

Poland

2. We have received two papers from the NSC for tomorrow's discussion on Poland. The first focuses on the issue of extending sanctions against the Soviet Union beyond our own borders. The paper you signed off on today for distribution to NSC members is a fine wrap-up of the issue. I am confident that the conclusions of that paper will figure prominently in tomorrow's discussion.

3. [redacted] has prepared a very useful and comprehensive memorandum outlining the various aspects of the sanctions problem (see Tab C). It would be well worth your while to read his comments carefully. He mentioned also that he had given you some information orally. 25X1

4. For backup and reference on the pipeline issue, I have included a number of memoranda and cables reporting on various aspects of pipeline construction and development. In addition, Harry Rowen drafted a memorandum for the record covering the SIG meeting he attended last Friday. Finally, I included the information [redacted] covering estimated net Soviet receipts from gas and oil sales in the late 1980s (see Tab J). 25X1

5. The second NSC paper deals with possible additional steps against Poland and the Soviet Union, including the option to refuse to reschedule Poland's 1982 debt. [redacted] has provided comments on this paper as well (see Tab I). 25X1

[redacted] 25X1

[redacted] 25X1

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7. Should you be asked to comment at the meeting on the Polish internal situation, I have included some talking points for your use (see Tab L).

Libya

8. This will be the second agenda item, assuming there is adequate time to get to it.

9. [redacted] has provided a short memorandum outlining the key issues in the NSC paper entitled "Next Steps on Libya." The focus of the discussion will be whether to revalidate and then activate the next steps toward Libya discussed at the December NSC meeting. Further, the discussion will focus on whether and when to institute an embargo on importsof Libyan oil and an embargo on exports to Libya. Discussion will also include military measures against the Libyan threat, including advisability and timing of another U.S. naval exercise in the Gulf of Sidra. 25X1

10. Please note that I have included an update on Libyan terrorist planning [redacted] and some recent cables that focus on reports that Libya intends to attack the U.S. Sixth Fleet. If these reports are true, another U.S. exercise in the Gulf of Sidra could very well turn into a fairly major confrontation. 25X1

11. Because your schedule will not permit you to spend any time at Headquarters tomorrow, I will send you via your OEOB office any further inputs for your meeting. Please let me know in the morning if there is anything else you wish to have.

[redacted] 25X1

cc: DDCI
Executive Director
(without attachment)

[redacted] 25X1

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